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THE FEDERAL BALANCE OF PAYMENTS

Regional Implications of Government Spending

August 1980

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INTRODUCTION

Over the last three decades, U.S. government spending has increased on an immense scale: from $43 billion in fiscal 1950 to $564 billion in fiscal 1980.[1] The implications of this phenomenal increase in federal spending have been profound, affecting everything from the nation's incidence of poverty to its military preparedness; from technological advances growing out of the space program to disease prevention and control.

As federal spending has grown, so has its impact on the economies of local areas, states, and even entire regions of the United States. So pervasive have been the effects of U.S. government spending that by the mid-1970s, many urban analysts worried that many of the nation's cities had become too dependent on federal assistance and that their very fiscal survival could be threatened by a sudden cutoff in the flow of dollars from Washington.

Even though what flows into the U.S. Treasury must flow out, federal expenditures probably have never closely matched tax receipts within states and regions of the nation. In short, the U.S. government makes no attempt--nor, perhaps, should it--to apportion federal tax revenues to the areas from which they are collected. American federalism is not based on the concept that states or their subdivisions have an inherent claim to a proportional return on the tax dollars they send to the national government.

But since the early 1970s, considerable attention has focused on the issue of whether federal spending patterns favor certain sections of the nation at the expense of others. The genesis of this debate was a series of demographic and economic upheavals, forming at the beginning of the decade, that tilted the nation's tables of growth and prosperity. These shifts accelerated markedly with the onset of national recessions, leading many observers to question whether the federal government actually was contributing to the trends.

In large measure, Northeastern and Midwestern states were the victims of shifting economic fortunes within the nation. Many already has seriously declining economies marked by high unemployment, the flight of population, and the loss of tax-paying and job-providing industries. Even toward the end of the 1970s, the region's economic problems had not eased:

- Nearly 90 percent of the nation's population growth between 1970 and 1978 was outside the Northeast-Midwest region.
- The region experienced a net out-migration of more than 2.3 million persons during the eight-year period.

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[1]U.S., Office of Management and Budget, The United States Budget in Brief--Fiscal Year 1981 (Washington, D.C.: Government Printing Office, 28 January 1980), p. 83.

- The Census Bureau projects that the population of the South and West may grow at three times the rate of the Northeast-Midwest region between now and the year 2000.

- For every new non-agricultural job gained in the Northeast and Midwest between 1970 and 1978, the South and West gained nearly three.

- According to Money magazine, the 10 U.S. cities with the worst job growth prospects through 1985 all are older industrial centers in the Northeast and Midwest.

- Northeastern and Midwestern states lost more than a half-million manufacturing jobs between 1970 and 1978.

For years, these economic and demographic trends were not identified in any way with the spending patterns of the federal government. But in June 1976, National Journal, a respected monthly magazine on politics and government, published a special report titled "Where the Funds Flow."[2] The story, the first major attempt to reconcile--in regional terms--federal spending versus tax collections, reported a "massive flow of wealth from the Northeast and Midwest to the fast-growing Southern and Western regions of the nation."[3]

The National Journal's report attracted widespread attention, generating a good deal of controversy along the way. Some complained that it was nearly impossible to do what the article purported to do: namely, calculate "winners" and "losers" in the contest for federal funds. But in the four years since original publication of the National Journal analysis, no one has effectively challenged its basic methodology or developed a better approach, given the limitations of data now available from the federal government and other sources.

Because of the widespread and continuing interest in the concept of the "federal balance of payments," this report seeks to compile available figures for a five-year period (fiscal 1975 through fiscal 1979) and to interpret their significance. The following section examines the regional implications of federal spending patterns, and the appendixes to this report present state-by-state compilations of available data.

Readers wishing to explore in greater depth both the methodology of these studies and the general subject are advised to consult the last section of this report ("Notes on Statistical Sources") and the bibliography.

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[2]Joel Havemann, Rochelle L. Stanfield, and Neal R. Peirce, "Federal Spending: The North's Loss is the Sunbelt's Gain," National Journal, 26 July 1976, pp. 878-91.

[3]Ibid., p. 878.

THE FEDERAL BALANCE OF PAYMENTS

The Regional Implications of Government Spending Patterns

This report on the regional implications of government spending patterns examines a five-year period from fiscal 1975 to fiscal 1979. Basic data have been compiled from two principal sources: National Journal and reports of the Congressional Research Service of the Library of Congress.[4]

Over those five years, the survey shows, the 18 states of the Northeast and Midwest sent $165 billion more in taxes to Washington than they got back in government spending. Particularly hard-hit were Midwestern states, which accounted for nearly three-quarters ($122 billion) of the region's total deficit in its federal "balance of payments." Virtually all of the balance accrued in the Mid-Atlantic states, at the center of the nation's industrial crescent. New England fared comparatively better over the five-year period, actually registering a net surplus of $16 billion.

What the Northeast and Midwest lost in federal taxes never returned in the form of government spending, the South and West--plus the District of Columbia--gained. Over the five-year period surveyed, the 32 Sunbelt states enjoyed a $112 billion surplus in their collective fiscal relationship with the federal government.

So in general, the survey confirms a massive flow of federal dollars away from--rather than toward--the states and regions of the nation experiencing the most severe economic difficulties. Because national recessions have exacted their heaviest toll on Northeastern and Midwestern states, the enormous drain of tax dollars has come at a time when the region least can afford it.

To derive a federal balance-of-payments measure on a state-by-state basis, the studies cited in this report tally total federal outlays by state for each fiscal year. Those figures are compared, on a per capita basis, to federal tax revenues sent to Washington by the states in the same years.

For each of the five fiscal years surveyed, interest payments on the national debt are excluded entirely, because accurate state-by-state distribution figures are impossible to obtain. To make federal spending in a given year equal the total tax burden, a simple adjustment is necessary. A share of the difference nationwide--in a loose sense, the federal deficit--is apportioned to each state on the basis of population. This, in effect, makes the "deficit" a tax burden shared equally by every individual in the nation.

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[4]See the bibliography of this report for complete citations.

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1975-1979 SUMMARY
[in millions of dollars]

Region	Fiscal 1975	Fiscal 1976	Fiscal 1977	Fiscal 1978	Fiscal 1979	Cumulative
NORTHEAST	-9,823	-11,923	-8,298	-7,465	-5,480	-32,989
New England	-762	-939	-350	1,270	2,390	1,609
Mid-Atlantic	-9,061	-10,984	-7,947	-8,735	-7,870	-44,597
MIDWEST	-20,800	-21,585	-22,685	-26,824	-30,156	-122,050
NORTHEAST/MIDWEST	-30,623	-33,508	-30,983	-34,289	-35,636	-165,039
SOUTH	10,569	11,921	9,103	11,910	14,394	57,897
WEST	11,364	12,555	11,969	10,556	7,607	54,051
SOUTH/WEST	21,934	24,476	21,072	22,466	22,001	111,949

SOURCE: See Appendixes A-E.

With these adjustments, federal spending equals federal taxes in the nation as a whole, thus allowing more accurate reflections of a state's financial relationship with Washington. But even though the national accounts "balance" in this way, enormous disparities exist among the states and regions of the nation.

In the most recent year surveyed in this report (fiscal 1979), Midwestern and Mid-Atlantic states were the worst off, suffering a combined deficit of more than $38 billion. Three Midwestern states--Illinois, Michigan, and Ohio--were at the bottom of the list, followed by New Jersey, Indiana, and Wisconsin.

Exluding the District of Columbia, Virginia, and Maryland--which because of the concentration of federal facilities in or near the nation's capital tend to show artifically large surpluses--the big winners were in the South and West. Tennessee, Missouri, and Florida headed the list, followed by New Mexico and Mississippi. All registered surpluses of more than $1.8 billion in fiscal 1979.

But these totals, of course, are related to population levels within each state. Another way of measuring each state's federal balance of payments is to compute how much it receives in government spending for each dollar it sends to Washington in taxes.

By this measure, Michigan is at the bottom of the list for fiscal 1979, receiving only 66 cents in spending for every $1 in taxes. Closely behind are New Jersey (69 cents), Indiana (70 cents), Ohio (71 cents), and Illinois (73 cents).

At the other end of the spectrum (again excluding the District of Columbia, Virginia, and Maryland) is New Mexico, which leads with $1.91 in federal spending for every $1 in taxes. Mississippi ($1.57), Alaska ($1.45), and Tennessee and South Dakota ($1.39 each) were clustered near the top of states registering surpluses in their federal balance of payments.

The figures for fiscal 1975 through 1979 show that the four major regions of the nation have markedly different long-term financial relationships with the federal government. Regional disparities in the federal balance of payments are of the same broad magnitude and duration, dispelling the suspicions of some observers that year-to-year figures represent simple aberrations in the way Washington spends the money it collects from all 50 states.

No attempt has been made in this report to determine the sources of regional imbalances in the federal balance of payments. National Journal found that "spending for defense account[ed] for nearly all the federal spending disparities among the Northeast, Midwest, South, and West" in fiscal 1975.[5] There is little reason to believe the situation has changed much since.[6]

Federal spending patterns still seem to disadvantage America's industrial heartland at a time when those states can least afford it. For the Northeast and Midwest, the implications of this long-term tilt in the flow of federal funds are ominous, particularly because the region remains mired in a national recession that has threatened many of its basic industries and contributed to swelling unemployment rolls. And when the potential "trickle-down" effects of government spending on local, state, and regional economies are considered, the problem assumes much greater proportions.

It is clear the federal government alone can neither create nor solve a region's economic problems. Even with generous doses of self-help, however, the Northeast-Midwest region will not be able to revitalize its ecobomic and industrial foundation as long as the federal government fails to address the problems, needs, and potential contributions of all regions--North, South, East, and West. To effectively address such complex economic problems as industrial failure, urban decay, and long-term structural unemployment, federal economic policies must take regional needs and differences into account. If the federal government is blind to the regional implications of its own policies, it will be handicapped in its efforts to cope with these pressing national economic concerns.

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[5]Joel Havemann, Rochelle L. Stanfield, and Neal R. Peirce, "Federal Spending: The North's Loss is the Sunbelt's Gain," National Journal, 26 July 1976, pp. 880.

[6]See The Unprotected Flank: Regional and Strategic Imbalances in Defense Spending Patterns (Washington, D.C.: Northeast-Midwest Institute, August 1980).

NOTES ON STATISTICAL SOURCES

As noted in the text, basic data in this study have been compiled from two principal sources: National Journal (for fiscal 1975 and 1976) and reports of the Congressional Research Service of the Library of Congress (for fiscal 1977-1979).

Many of the figures upon which these reports rely admittedly are imprecise, but they are based on the best available data in areas where statistics often are ambiguous or unreliable. Readers wishing to explore some of these weaknesses in greater detail should consult the primary sources listed in this paper's bibliography.

Following are brief explanations of the sources and nature of the data compiled in this report:

Spending. For each of the five years surveyed in this report, state-by-state spending totals are derived from data compiled by the Community Services Administration and published in a series titled "Geographic Distribution of Federal Funds." (From fiscal 1975 to 1977, the series was titled "Federal Outlays.") Federal departments and agencies provide the Community Services Administration each year with their best estimates of the geographic distribution of obligated amounts or, in some cases, actual payments. Over the years, there have been a number of changes in the classification of federal expenditures, rendering strict year-by-year comparisons of the data difficult. Excluded from state-by-state totals are government expenditures falling under the category of "indirect federal support." This support represents funds that do not directly affect geographic areas (farm income stabilization and mortgage credit and theft insurance, for example).

In general, spending totals for federal departments and agencies reflect payments made to the initial recipients. Accordingly, they may not accurately show the ultimate beneficiary: subcontractors or subsidiary firms located in other states.

But, as the Congressional Research Service concluded: "Despite [their] limitations these statistics provide the only available insight into the subnational impact of federal expenditures."[5]

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[5]Lillian Rymarowicz, "Estimated Federal Tax Payments by Residents of Individual States Compared to Estimated Federal Outlays in the States, Fiscal Year 1977" (Washington, D.C.: Library of Congress, Congressional Research Service, 30 August 1978), p. 8.

Taxes. For each of the five fiscal years surveyed in this report, state-by-state tax burden figures are derived from data compiled by the Tax Foundation, Inc., a New York-based nonprofit research organization. Both the National Journal and the Congressional Research Service have judged these compilations to be superior for a variety of reasons to data on federal tax receipts for each state collected by the Internal Revenue Service. The Tax Foundation's figures have been published in a series of "Memorandum[s] on the Allocations of the Federal Tax Burden and Federal Grants-in-Aid by State" for each fiscal year.

The Tax Foundation's figures, like the spending totals published by the Community Services Administration, may not be completely accurate. In its original report, National Journal reported a 1975 Dreyfus Corporation study that said the Tax Foundation weighted too heavily the tax burden attributed to corporate headquarters, thus understating taxation levels for corporate operations in other areas.[6]

Population. For fiscal 1975, National Journal used the Census Bureau's population estimates for 1975 as the source for its state-by-state population totals. The following year, however, the magazine used an average of the 1976 and 1977 population figures to more accurately reflect the federal fiscal year. That methodology has been adopted by the Congressional Research Service in its three subsequent studies.

While these state-by-state population figures are not included in the appendixes to this report (because of space limitations), they are the basis for calculating per capita levels of federal taxation and spending. They also are an essential component for recomputing regional subtotals and totals.

The Taxes/Spending "Shortfall." As noted in the text of this report, interest payments on the national debt are excluded entirely from state-by-state spending totals for each of the five fiscal years surveyed because accurate distribution figures are impossible to obtain. Because allocations published by the Community Services Administration posed nearly insurmountable technical problems, National Journal chose to substract all interest payments from federal spending totals in its reports for fiscal 1975 and 1976. Beginning in fiscal 1977, the Community Services Administration shifted these payments to the classification of "indirect federal support," and the Congressional Research Service reports for fiscal 1977 to fiscal 1979 reflect this exclusion and thus are comparable to the National Journal studies.

But even after interest payments are subtracted from federal spending totals for each of the five years, revenues still fall substantially short of expenditures. If left unadjusted, this shortfall would distort any comparisons of a state's tax burden with its share of federal spending. To

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[6]Joel Havemann, Rochelle L. Stanfield, and Neal R. Peirce, "Federal Spending: The North's Loss is the Sunbelt's Gain," National Journal, 26 July 1976, pp. 888.

remedy this problem, a simple adjustment is necessary: A share of the difference nationwide--in a loose sense, the federal deficit--is apportioned to each state on the basis of population. This, in effect, makes the "deficit" a tax burden shared equally by every individual in the nation.

The total taxes/spending "shortfall" for each of the five years surveyed is as follows: $19.9 billion in fiscal 1975; $26.3 billion in fiscal 1976; $35.4 billion in fiscal 1977; $32.4 billion in fiscal 1978; and $5.9 billion in fiscal 1979.

With these adjustments, federal spending equals federal taxes in the nation as a whole, thus allowing more accurate reflections of a state or region's financial relationship with Washington.

APPENDIX A

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1975

Region and State	Spending Per Person	Taxes Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
NEW ENGLAND	1,470	1,533	.96	-$762
Connecticut	1,663	1,800	.92	-425
Maine	1,206	1,075	1.12	139
Massachusetts	1,456	1,535	.95	-462
New Hampshire	1,399	1,399	1.00	1
Rhode Island	1,342	1,457	.92	-107
Vermont	1,360	1,167	1.17	91
MID-ATLANTIC	1,382	1,598	.86	-9,061
Delaware	1,145	1,743	.66	-347
Maryland	1,933	1,615	1.20	1,299
New Jersey	1,154	1,760	.66	-4,436
New York	1,449	1,636	.89	-3,392
Pennsylvania	1,241	1,426	.87	-2,185
MIDWEST	1,065	1,500	.71	-20,800
Illinois	1,230	1,704	.72	-5,290
Indiana	1,027	1,411	.73	-2,036
Iowa	970	1,405	.69	-1,249
Michigan	996	1,539	.65	-4,971
Minnesota	1,144	1,382	.83	-934
Ohio	1,010	1,441	.70	-4,634
Wisconsin	966	1,331	.73	-1,686
SOUTH	1,356	1,188	1.14	10,569
Alabama	1,374	1,026	1.34	1,255
Arkansas	1,202	970	1.37	492
Florida	1,379	1,378	1.00	9
Georgia	1,402	1,217	1.16	912
Kentucky	1,327	1,094	1.21	790
Louisiana	1,236	1,064	1.16	652
Mississippi	1,599	908	1.76	1,621
North Carolina	1,124	1,145	.98	-115
Oklahoma	1,443	1,181	1.22	711
South Carolina	1,240	1,041	1.19	561
Tennessee	1,296	1,147	1.13	627
Texas	1,296	1,264	1.03	388
Virginia	1,809	1,355	1.34	2,257
West Virginia	1,318	1,091	1.21	410

APPENDIX A (continued)

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1975

Region and State	Spending Per Person	Taxes Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
WEST	1,655	1,417	1.17	$11,364
Alaska	3,736	1,530	2.60	776
Arizona	1,639	1,256	1.41	853
California	1,700	1,526	1.11	3,684
Colorado	1,646	1,368	1.20	704
Hawaii	2,347	1,490	1.58	741
Idaho	1,358	1,087	1.25	223
Kansas	1,398	1,432	.98	-78
Missouri	1,500	1,362	1.10	657
Montana	1,512	1,183	1.28	246
Nebraska	1,193	1,420	.84	-351
Nevada	1,544	1,612	.96	-40
New Mexico	1,974	1,024	1.93	1,090
North Dakota	1,734	1,288	1.35	283
Oregon	1,282	1,371	.94	-202
South Dakota	1,395	1,081	1.29	215
Utah	1,449	1,072	1.35	455
Washington	1,968	1,402	1.40	2,008
Wyoming	1,569	1,295	1.21	102
District of Columbia	13,957	1,820	7.67	8,690
NORTHEAST	1,402	1,583	.89	-9,823
MIDWEST	1,065	1,500	.71	-20,800
NORTHEAST AND MIDWEST	1,244	1,544	.81	-30,623
SOUTH	1,356	1,188	1.14	10,569
WEST	1,655	1,417	1.17	11,364
SOUTH AND WEST	1,485	1,287	1.15	21,934
UNITED STATES	1,412	1,412	1.00	0

SOURCE: Staff calculations (for reconfiguration of regions) from Joel Havemann, Rochelle L. Stanfield, and Neal R. Peirce, "Federal Spending: The North's Loss Is the Sunbelt's Gain," National Journal, 26 June 1976, pp. 881, 886.

APPENDIX B

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1976

Region and State	Spending Per Person	Taxes Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
NEW ENGLAND	1,599	1,677	.95	-$939
Connecticut	1,638	1,955	.82	-1,109
Maine	1,579	1,227	1.29	375
Massachusetts	1,626	1,662	.98	-207
New Hampshire	1,466	1,477	.99	-10
Rhode Island	1,494	1,580	.95	-80
Vermont	1,503	1,308	1.15	92
MID-ATLANTIC	1,462	1,723	.85	-10,984
Delaware	1,204	1,912	.63	-411
Maryland	2,012	1,745	1.15	1,104
New Jersey	1,271	1,886	.67	-4,514
New York	1,510	1,770	.85	-4,710
Pennsylvania	1,328	1,535	.87	-2,453
MIDWEST	1,150	1,603	.72	-21,585
Illinois	1,288	1,822	.71	-5,979
Indiana	1,062	1,451	.73	-2,061
Iowa	1,101	1,400	.79	-858
Michigan	1,071	1,662	.64	-5,389
Minnesota	1,271	1,432	.89	-635
Ohio	1,132	1,578	.72	-4,777
Wisconsin	1,044	1,454	.72	-1,886
SOUTH	1,481	1,292	1.15	11,921
Alabama	1,480	1,112	1.33	1,342
Arkansas	1,342	1,067	1.26	582
Florida	1,524	1,554	.98	-252
Georgia	1,432	1,299	1.10	658
Kentucky	1,483	1,149	1.29	1,140
Louisiana	1,255	1,161	1.08	361
Mississippi	1,690	945	1.79	1,749
North Carolina	1,249	1,244	1.00	29
Oklahoma	1,569	1,227	1.28	937
South Carolina	1,393	1,164	1.20	649
Tennessee	1,551	1,268	1.22	1,188
Texas	1,396	1,370	1.02	325
Virginia	2,050	1,466	1.40	2,922
West Virginia	1,317	1,154	1.14	295

APPENDIX B (continued)

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1976

Region and State	Spending Per Person	Taxes Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
WEST	1,800	1,540	1.17	$12,555
Alaska	3,620	1,920	1.89	636
Arizona	1,696	1,383	1.23	701
California	1,891	1,670	1.13	4,724
Colorado	1,739	1,503	1.16	605
Hawaii	2,421	1,672	1.45	658
Idaho	1,407	1,270	1.11	113
Kansas	1,373	1,464	.94	-210
Missouri	1,847	1,388	1.33	2,191
Montana	1,588	1,305	1.22	212
Nebraska	1,194	1,433	.83	-370
Nevada	1,729	1,795	.96	-40
New Mexico	2,101	1,101	1.91	1,156
North Dakota	1,714	1,275	1.34	281
Oregon	1,360	1,486	.92	-291
South Dakota	1,464	1,145	1.28	218
Utah	1,560	1,181	1.32	461
Washington	2,023	1,602	1.26	1,511
Wyoming	1,530	1,533	1.00	-1
District of Columbia	14,713	1,938	7.59	9,032
NORTHEAST	1,493	1,713	.87	-11,923
MIDWEST	1,150	1,603	.72	-21,585
NORTHEAST AND MIDWEST	1,332	1,661	.80	-33,508
SOUTH	1,481	1,292	1.15	11,921
WEST	1,800	1,540	1.17	12,555
SOUTH AND WEST	1,619	1,399	1.16	24,476
UNITED STATES	1,524	1,524	1.00	0

SOURCE: Staff calculations (for reconfiguration of regions) from Joel Havemann and Rochelle L. Stanfield, "A Year Later, the Frostbelt Strikes Back," National Journal, 2 July 1977, pp. 1034, 1037.

APPENDIX C

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1977

Region and State	Spending Per Person	Taxes Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
NEW ENGLAND	1,900	1,928	.99	-$350
Connecticut	1,907	2,270	.84	-1,128
Maine	1,772	1,483	1.19	312
Massachusetts	1,981	1,890	1.05	524
New Hampshire	1,701	1,772	.96	-59
Rhode Island	1,743	1,906	.91	-153
Vermont	1,816	1,497	1.21	153
MID-ATLANTIC	1,796	1,986	.90	-7,947
Delaware	1,530	2,109	.73	-337
Maryland	2,390	2,040	1.17	1,447
New Jersey	1,522	2,189	.70	-4,887
New York	1,890	1,990	.95	-1,809
Pennsylvania	1,628	1,829	.89	-2,360
MIDWEST	1,396	1,870	.75	-22,685
Illinois	1,545	2,103	.73	-6,259
Indiana	1,249	1,750	.71	-2,663
Iowa	1,276	1,754	.73	-1,374
Michigan	1,349	1,896	.71	-4,985
Minnesota	1,550	1,747	.89	-780
Ohio	1,369	1,817	.75	-4,797
Wisconsin	1,302	1,696	.77	-1,827
SOUTH	1,714	1,572	1.09	9,103
Alabama	1,669	1,405	1.19	970
Arkansas	1,544	1,302	1.19	516
Florida	1,840	1,726	1.07	958
Georgia	1,748	1,482	1.18	1,333
Kentucky	1,712	1,474	1.16	822
Louisiana	1,405	1,522	.92	-456
Mississippi	1,703	1,200	1.42	1,195
North Carolina	1,433	1,465	.98	-175
Oklahoma	1,847	1,564	1.18	791
South Carolina	1,573	1,371	1.15	576
Tennessee	1,926	1,505	1.28	1,796
Texas	1,588	1,765	.90	-2,239
Virginia	2,314	1,751	1.32	2,864
West Virginia	1,595	1,512	1.05	152

APPENDIX C (continued)

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1977

Region and State	Spending Per Person	Taxes Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
WEST	2,113	1,869	1.13	$11,969
Alaska	3,796	3,195	1.19	245
Arizona	1,983	1,602	1.24	867
California	2,174	1,989	1.09	4,023
Colorado	2,013	1,788	1.13	583
Hawaii	2,321	1,954	1.19	327
Idaho	1,999	1,551	1.29	378
Kansas	1,822	1,879	.97	-132
Missouri	2,046	1,688	1.21	1,715
Montana	2,231	1,616	1.38	466
Nebraska	1,579	1,736	.91	-244
Nevada	1,901	2,095	.91	-121
New Mexico	2,598	1,459	1.78	1,345
North Dakota	2,275	1,640	1.39	412
Oregon	1,632	1,777	.92	-343
South Dakota	2,077	1,405	1.48	462
Utah	1,906	1,444	1.32	578
Washington	2,443	2,033	1.20	1,488
Wyoming	1,827	2,027	.90	-80
District of Columbia	9,912	2,300	7.20	9,912
NORTHEAST	1,819	1,973	.92	-8,298
MIDWEST	1,396	1,870	.75	-22,685
NORTHEAST AND MIDWEST	1,621	1,925	.84	-30,983
SOUTH	1,714	1,572	1.09	9,103
WEST	2,113	1,869	1.13	11,969
SOUTH AND WEST	1,887	1,701	1.11	21,072
UNITED STATES	1,809	1,809	1.00	0

SOURCE: Staff calculations from Lillian Rymarowicz, "Estimated Federal Tax Payments by Residents of Individual States Compared to Estimated Federal Outlays in the States, Fiscal Year 1977" (Washington, D.C.: Library of Congress, Congressional Research Service, 30 August 1978), pp. 12-13, 17-18.

APPENDIX D

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1978

Region and State	Spending Per Person	Taxes Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
NEW ENGLAND	2,150	2,046	1.05	$1,270
Connecticut	2,459	2,475	.99	-49
Maine	1,880	1,564	1.20	344
Massachusetts	2,168	1,993	1.09	1,009
New Hampshire	1,800	1,892	.95	-79
Rhode Island	1,875	1,918	.98	-40
Vermont	1,707	1,531	1.11	85
MID-ATLANTIC	1,883	2,092	.90	-8,735
Delaware	1,607	2,318	.69	-414
Maryland	2,563	2,178	1.18	1,593
New Jersey	1,620	2,317	.70	-5,112
New York	1,965	2,074	.95	-1,945
Pennsylvania	1,695	1,938	.87	-2,857
MIDWEST	1,507	2,065	.73	-26,824
Illinois	1,716	2,272	.75	-6,257
Indiana	1,325	1,951	.68	-3,359
Iowa	1,683	1,949	.86	-770
Michigan	1,404	2,128	.66	-6,631
Minnesota	1,697	1,976	.86	-1,116
Ohio	1,417	1,988	.72	-6,124
Wisconsin	1,350	1,900	.71	-2,567
SOUTH	1,903	1,720	1.11	11,910
Alabama	1,826	1,539	1.19	1,067
Arkansas	1,672	1,477	1.13	423
Florida	1,977	1,883	1.05	803
Georgia	2,160	1,606	1.35	2,806
Kentucky	1,745	1,575	1.11	591
Louisiana	1,577	1,667	.95	-356
Mississippi	2,265	1,334	1.70	2,230
North Carolina	1,497	1,578	.95	-448
Oklahoma	1,892	1,698	1.10	470
South Carolina	1,705	1,482	1.15	645
Tennessee	2,000	1,599	1.25	1,735
Texas	1,907	1,960	.97	-686
Virginia	2,460	1,912	1.29	2,805
West Virginia	1,562	1,657	.94	-175

APPENDIX D (continued)

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1978

Region and State	Spending Per Person	Taxes Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
WEST	2,262	2,050	1.10	$10,556
Alaska	4,297	3,439	1.25	350
Arizona	2,157	1,739	1.24	972
California	2,245	2,191	1.02	1,193
Colorado	2,162	1,981	1.09	479
Hawaii	2,804	2,134	1.31	599
Idaho	2,170	1,606	1.35	489
Kansas	2,029	1,990	1.02	91
Missouri	2,321	1,868	1.24	2,192
Montana	2,143	1,726	1.24	324
Nebraska	2,116	1,869	1.13	386
Nevada	2,111	2,341	.90	-147
New Mexico	2,747	1,589	1.73	1,394
North Dakota	2,611	1,785	1.46	538
Oregon	1,822	1,995	.91	-414
South Dakota	2,084	1,639	1.27	307
Utah	2,032	1,618	1.26	535
Washington	2,559	2,191	1.17	1,372
Wyoming	1,990	2,241	.89	-104
Dictrict of Columbia	20,029	2,641	7.58	11,824
NORTHEAST	1,943	2,082	.93	-7,465
MIDWEST	1,507	2,065	.73	-26,824
NORTHEAST AND MIDWEST	1,738	2,074	.84	-34,289
SOUTH	1,903	1,720	1.11	11,910
WEST	2,262	2,050	1.10	10,556
SOUTH AND WEST	2,059	1,863	1.11	22,466
UNITED STATES	1,965	1,965	1.00	0

SOURCE: Staff calculations from Lillian Rymarowicz, "Estimated Federal Tax Payments by Residents of Individual States Compared to Estimated Federal Outlays in the States, Fiscal Year 1978" (Washington, D.C.: Library of Congress, Congressional Research Service, 18 December 1979), pp. 3-4, 6.

APPENDIX E

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1979

Region and State	Taxes Per Person	Spending Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
NEW ENGLAND	2,342	2,147	1.09	$2,390
Connecticut	2,653	2,591	1.02	192
Maine	2,067	1,569	1.32	545
Massachusetts	2,376	2,101	1.13	1,590
New Hampshire	1,899	2,058	.92	-140
Rhode Island	2,070	1,989	1.04	75
Vermont	1,873	1,612	1.16	128
MID-ATLANTIC	2,043	2,232	.92	-7,870
Delaware	1,765	2,377	.74	-357
Maryland	2,808	2,372	1.18	1,809
New Jersey	1,724	2,484	.69	-5,562
New York	2,097	2,195	.96	-1,727
Pennsylvania	1,903	2,076	.92	-2,033
MIDWEST	1,627	2,252	.72	-30,156
Illinois	1,849	2,530	.73	-7,650
Indiana	1,471	2,101	.70	-3,400
Iowa	1,601	2,103	.76	-1,456
Michigan	1,558	2,347	.66	-7,249
Minnesota	1,810	2,129	.85	-1,290
Ohio	1,545	2,172	.71	-6,731
Wisconsin	1,454	1,960	.74	-2,380
SOUTH	2,064	1,844	1.12	14,394
Alabama	1,998	1,611	1.24	1,453
Arkansas	1,821	1,477	1.23	748
Florida	2,241	2,022	1.11	1,920
Georgia	1,909	1,721	1.11	958
Kentucky	1,882	1,693	1.11	665
Louisiana	1,876	1,786	1.05	359
Mississippi	2,082	1,329	1.57	1,820
North Carolina	1,617	1,669	.97	-294
Oklahoma	2,054	1,890	1.09	471
South Carolina	1,844	1,593	1.16	732
Tennessee	2,391	1,725	1.39	2,902
Texas	1,985	2,142	.93	-2,074
Virginia	2,924	2,073	1.41	4,390
West Virginia	1,896	1,712	1.11	344

APPENDIX E (continued)

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1979

Region and State	Taxes Per Person	Spending Per Person	Spending-Taxes Ratio	Dollar Flow (in millions)
WEST	2,355	2,205	1.07	$7,607
Alaska	4,724	3,264	1.45	597
Arizona	2,292	1,897	1.21	953
California	2,334	2,383	.98	-1,095
Colorado	2,268	2,145	1.06	337
Hawaii	2,925	2,238	1.31	625
Idaho	2,056	1,713	1.20	307
Kansas	2,006	2,099	.96	-218
Missouri	2,455	2,080	1.25	2,383
Montana	2,240	1,893	1.18	272
Nebraska	2,106	2,003	1.05	163
Nevada	2,446	2,630	.93	-126
New Mexico	3,171	1,664	1.91	1,851
North Dakota	2,412	1,840	1.31	375
Oregon	1,939	2,210	.88	-674
South Dakota	2,245	1,616	1.39	434
Utah	2,123	1,660	1.28	621
Washington	2,570	2,334	1.10	910
Wyoming	2,178	2,425	.90	-108
Dictrict of Columbia	23,245	2,711	8.58	13,635
NORTHEAST	2,111	2,213	.95	-5,480
MIDWEST	1,627	2,252	.72	-30,156
NORTHEAST AND MIDWEST	1,882	2,232	.84	-35,636
SOUTH	2,064	1,844	1.12	14,394
WEST	2,355	2,205	1.07	7,607
SOUTH AND WEST	2,191	2,002	1.09	22,001
UNITED STATES	2,111	2,111	1.00	0

SOURCE: Staff calculations from Lillian Rymarowicz, "Tabulations: Estimated Federal Tax Payments by Residents of Individual States Compared to Estimated Outlays in the States, Fiscal Year 1979" (Washington, D.C.: Library of Congress, Congressional Research Service, 9 July 1980), pp. 1-2, 5-6.

APPENDIX F

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1975-1979 [SUMMARY]

State	Ratios					Rank				
	1975	1976	1977	1978	1979	1975	1976	1977	1978	1979
UNITED STATES	1.00	1.00	1.00	1.00	1.00	--	--	--	--	--
Alabama	1.34	1.33	1.19	1.19	1.24	11	8	17	17	13
Alaska	2.60	1.89	1.25	1.10	1.45	2	3	16	12	4
Arizona	1.41	1.23	1.24	1.24	1.21	6	17	11	15	15
Arkansas	1.37	1.26	1.19	1.13	1.23	8	16	18	22	14
California	1.11	1.13	1.09	1.02	.98	28	25	26	29	33
Colorado	1.20	1.16	1.13	1.09	1.06	20	21	25	26	28
Connecticut	.92	.82	.84	.99	1.02	38	43	43	31	32
Delaware	.66	.63	.73	.69	.74	49	51	48	49	45
D.C.	7.67	7.59	7.20	7.58	8.58	1	1	1	1	1
Florida	1.00	.98	1.07	1.05	1.11	31	33	27	28	24
Georgia	1.16	1.10	1.18	1.35	1.11	25	27	21	6	23
Hawaii	1.58	1.45	1.19	1.31	1.31	5	5	19	7	10
Idaho	1.25	1.11	1.29	1.35	1.20	15	26	9	5	16
Illinois	.72	.71	.73	.75	.73	46	48	46	45	47
Indiana	.73	.73	.71	.68	.70	44	45	49	50	49
Iowa	.69	.79	.73	.86	.76	48	44	47	43	44
Kansas	.98	.94	.97	1.02	.96	34	37	31	30	35
Kentucky	1.21	1.29	1.16	1.11	1.11	17	11	23	24	22
Louisiana	1.16	1.08	.92	.95	1.05	24	28	34	37	30
Maine	1.12	1.29	1.19	1.20	1.32	27	12	15	16	8
Maryland	1.20	1.15	1.17	1.18	1.18	21	22	22	18	17
Massachusetts	.95	.98	1.05	1.09	1.13	36	34	29	27	21
Michigan	.65	.64	.71	.66	.66	51	50	50	51	51
Minnesota	.83	.89	.89	.86	.85	43	39	42	44	43
Mississippi	1.76	1.79	1.42	1.70	1.57	4	4	4	3	3
Missouri	1.10	1.33	1.21	1.24	1.25	29	9	13	13	12
Montana	1.28	1.22	1.38	1.24	1.18	14	19	6	14	18
Nebraska	.84	.83	.91	1.13	1.05	42	42	37	21	29
Nevada	.96	.96	.91	.90	.93	35	35	38	40	37
New Hampshire	1.00	.99	.96	.95	.92	32	32	32	34	39
New Jersey	.66	.67	.70	.70	.69	50	49	51	48	50
New Mexico	1.93	1.91	1.78	1.73	1.91	3	2	2	2	2
New York	.89	.85	.95	.95	.96	40	41	33	36	36
North Carolina	.98	1.00	.98	.95	.96	33	30	30	35	34
North Dakota	1.35	1.34	1.39	1.46	1.31	10	7	5	4	9

APPENDIX F (continued)

THE FEDERAL BALANCE OF PAYMENTS: FISCAL 1975-1979 [SUMMARY]

State	Ratios					Rank				
	1975	1976	1977	1978	1979	1975	1976	1977	1978	1979
Ohio	.70	.72	.75	.72	.71	47	47	45	46	48
Oklahoma	1.22	1.28	1.18	1.10	1.09	16	13	20	25	27
Oregon	.94	.92	.92	.91	.88	37	38	35	39	42
Pennsylvania	.87	.87	.89	.87	.92	41	40	41	42	40
Rhode Island	.92	.95	.91	.98	1.04	39	36	36	32	31
South Carolina	1.19	1.20	1.15	1.15	1.16	22	20	24	20	20
South Dakota	1.29	1.28	1.48	1.27	1.39	13	14	3	9	6
Tennessee	1.13	1.22	1.28	1.25	1.39	26	18	10	11	7
Texas	1.03	1.02	.90	.97	.93	30	29	40	33	38
Utah	1.35	1.32	1.32	1.26	1.28	9	10	8	10	11
Vermont	1.17	1.15	1.21	1.11	1.16	23	23	12	23	19
Virginia	1.34	1.40	1.32	1.29	1.41	12	6	7	8	5
Washington	1.40	1.26	1.20	1.17	1.10	7	15	14	19	26
West Virginia	1.21	1.14	1.05	.94	1.11	19	24	28	38	25
Wisconsin	.73	.72	.77	.71	.74	45	46	44	47	46
Wyoming	1.21	1.00	.90	.89	.90	18	31	39	41	41

SOURCE: Appendixes A-E.

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THE FEDERAL BALANCE OF PAYMENTS

Regional Implications of Government Spending

E R R A T A

Page 1, fifth paragraph. Second sentence should read: "Many already had . . ."

Page 3, second paragraph. Last sentence should read: "New England fared comparatively better over the five-year period, actually registering a net surplus of $1.6 billion."

Pages 19 and 20, Appendix E. First column of numbers should read: "Spending Per Person." Second column of number should read: "Taxes Per Person."